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12 Complainants GUGGENHEIM
13 ENTERTAINMENT, LLC, SCOTT
14 GUGGENHEIM, STEPHEN GUGGENHEIM,
15 and SHANNON GUGGENHEIM

16 **UNITED STATES DISTRICT COURT**

17 **NORTHERN DISTRICT**

18 **SAN FRANCISCO DIVISION**

19 ERIC KIMMEL,

20 *Plaintiff and Counterdefendant,*

21 *v.*

22 GUGGENHEIM ENTERTAINMENT, LLC,
23 SCOTT GUGGENHEIM, STEPHEN
24 GUGGENHEIM, and SHANNON
25 GUGGENHEIM,

26 *Defendants and*
27 *Countercomplainants.*

Case No. C 07-02751 CRB

**ANSWER AND
COUNTERCOMPLAINT**

DEMAND FOR JURY TRIAL

28 Defendants and Countercomplainants GUGGENHEIM ENTERTAINMENT, LLC,
SCOTT GUGGENHEIM, STEPHEN GUGGENHEIM, and SHANNON GUGGENHEIM
(collectively, "Defendants") hereby answer the Complaint by, and counterclaims against,
Plaintiff and Counterdefendant ERIC KIMMEL ("Kimmel" or "Plaintiff"), as follows:

1. Defendants admit that, under one or more express and/or implied licenses, or
based on promises thereof, from Plaintiff, they have created a stage musical titled *The*
MeshugaNutcracker!, portions of which were inspired by or based on stories contained in a book

1 titled *The Jar of Fools* that, on its face, attributes authorship to Plaintiff, but specifically deny
2 that Stephen Guggenheim played any role in the creation of any textual portion of the script for
3 *The MeshugaNutcracker!*. Defendants admit that Guggenheim Entertainment, LLC, Scott
4 Guggenheim, Shannon Guggenheim, and/or Stephen Guggenheim have performed *The*
5 *MeshugaNutcracker!*. Defendants admit that Guggenheim Entertainment, LLC, Scott
6 Guggenheim, and Shannon Guggenheim (collectively, “Guggenheim Entertainment”) have
7 distributed approximately 200 compact discs (of which approximately 50 were sold) containing a
8 cast recording of certain musical compositions that are part of *The MeshugaNutcracker*.
9 Defendants further admit that they have not, to date, paid any royalties to Plaintiff under the
10 licenses. Except as expressly admitted, Defendants deny the allegations of Paragraph 1 of the
11 Complaint.

12 2. Defendants admit that Plaintiff’s Complaint purports to state actions for
13 Copyright Infringement, Misappropriation of the Right of Publicity, False Endorsement, and
14 Unfair Competition. Except as expressly admitted, Defendants deny the allegations of Paragraph
15 2 of the Complaint.

16 3. Defendants admit that 28 U.S.C. § 1338(a) grants the United States District
17 Courts exclusive original jurisdiction over any civil action purporting to arise under the
18 Copyright Act, including this action, and that 28 U.S.C. § 1331 grants the United States District
19 Courts “original jurisdiction of all civil actions purporting to arise under the Constitution, laws,
20 or treaties of the United States,” including the First and Third Claims of the Complaint.
21 Defendants admit that there is complete diversity between Plaintiff and Defendants. Except as
22 expressly admitted, Defendants deny the allegations of Paragraph 3 of the Complaint.

23 4. Defendants admit the allegations of Paragraph 4 of the Complaint.

24 5. Defendants admit the allegations of Paragraph 5 of the Complaint.

25 6. Defendants are informed and believe that Plaintiff is an individual residing at
26 2525 Northeast 35th Avenue, Portland, Oregon 97212. Defendants lack sufficient knowledge or
27 information to form a belief as to the truth and extent of Plaintiff’s alleged authorship of the
28 works contained in *The Jar of Fools: Eight Hanukkah Stories from Chelm* (“*The Jar of Fools*”),

1 but note that the “Author’s Note” to *The Jar of Fools* expressly admits that the book contains
2 “retellings of traditional Yiddish tales” and “adaptations of stories from other traditions,” and
3 that Paragraph 11 of the Complaint admits a traditional basis for each story contained in *The Jar*
4 *of Fools*. Except as expressly admitted, Defendants deny the allegations of Paragraph 6 of the
5 Complaint.

6 7. Defendants admit the allegations of Paragraph 7 of the Complaint.

7 8. Defendants admit the allegations of Paragraph 8 of the Complaint.

8 9. Defendants admit that Shannon Guggenheim resides in Santa Clara County,
9 California and is an owner and member of Guggenheim Entertainment, LLC. Except as
10 expressly admitted, Defendants deny the allegations of Paragraph 9 of the Complaint.

11 10. Defendants admit that Stephen Guggenheim resides in Santa Clara County,
12 California. Except as expressly admitted, Defendants deny the allegations of Paragraph 10 of the
13 Complaint, and Defendants specifically deny that Stephen Guggenheim “is an owner, member,
14 and employee of Defendant Guggenheim Entertainment, LLC.”

15 11. Defendants lack sufficient knowledge or information to form a belief as to the
16 truth and extent of Plaintiff’s alleged authorship of the works contained in *The Jar of Fools*:
17 *Eight Hanukkah Stories from Chelm* (“*The Jar of Fools*”), but note that the “Author’s Note” to
18 *The Jar of Fools* expressly admits that the book contains “retellings of traditional Yiddish tales”
19 and “adaptations of stories from other traditions,” and aver that Paragraph 11 of the Complaint
20 contains contradictory allegations that Plaintiff is both “the author” of *The Jar of Fools* but that
21 each story therein has a traditional basis. Defendants admit that the publicly-available database
22 of the United States Copyright Office, accessible at the URL
23 <<http://www.copyright.gov/records/cohm.html>> (last visited June 16, 2007), identify Plaintiff as
24 the claimant of registration certificate number TX-5-302-608. Defendants lack sufficient
25 knowledge or information to form a belief as to the truth of Plaintiff’s claims of ownership and
26 validity of any copyright or registration thereof, and therefor, of whether that copyright subsists,
27 and Defendants note that the Copyright Office database record for registration certificate number
28 TX-5-302-608 appears to represent that no copy was sent to the copyright deposit warehouse

1 with the registration. Defendants admit that *The Jar of Fools* contains short stories set in Chelm,
2 and aver that whether each such story “tell[s] a heartwarming and endearing tale” is a matter of
3 opinion to which no response is required. Defendants lack sufficient knowledge or information
4 to form a belief as to the truth of the allegation that *The Jar of Fools* “was first published by
5 Scholastic Inc. in or around November 2001,” but note that the Copyright Office database record
6 for registration certificate number TX-5-302-608 appears to represent that *The Jar of Fools* was
7 first published by Holiday House in 2000. Except as expressly admitted, Defendants deny the
8 allegations of Paragraph 11 of the Complaint.

9 12. Defendants admit that the language quoted in Paragraph 12 of the Complaint is
10 contained on the cited web page. Except as expressly admitted, Defendants deny the allegations
11 of Paragraph 12 of the Complaint.

12 13. Defendants admit that Scott and Shannon Guggenheim are the sole members of
13 Guggenheim Entertainment, LLC. Except as expressly admitted, Defendants deny the
14 allegations of Paragraph 13 of the Complaint.

15 14. Defendants admit that the language quoted in Paragraph 14 of the Complaint is
16 contained on the cited web page.

17 15. Defendants admit that the language quoted in Paragraph 15 of the Complaint is
18 contained on the cited web page.

19 16. Defendants admit that Guggenheim Entertainment’s client list at
20 <<http://www.guggyent.com/about/clientlist.html>> (last visited June 16, 2007) identifies malls
21 and other businesses, and that the language quoted in Paragraph 16 of the Complaint is contained
22 on the cited web page. Except as expressly admitted, Defendants deny the allegations of
23 Paragraph 16 of the Complaint.

24 17. Defendants admit that Guggenheim Entertainment formed The National Jewish
25 Theatre Festival (the “NJTF”), which presents the performances of *The MeshugaNutcracker!*.
26 Except as expressly admitted, Defendants deny the allegations of Paragraph 17 of the Complaint.

27 18. Defendants admit the allegations of Paragraph 18 of the Complaint.

28 19. Defendants admit the allegations of Paragraph 19 of the Complaint.

1 20. Defendants admit that the language quoted in Paragraph 20 of the Complaint is
2 contained on the cited web page. Except as expressly admitted, Defendants deny the allegations
3 of Paragraph 20 of the Complaint.

4 21. Defendants admit that the language quoted in Paragraph 21 of the Complaint is
5 contained on the cited web page. Except as expressly admitted, Defendants deny the allegations
6 of Paragraph 21 of the Complaint, and expressly deny that Stephen Guggenheim was involved in
7 the creation of the book or lyrics for *The MeshugaNutcracker!*.

8 22. Defendants admit that certain portions of the script for *The MeshugaNutcracker!*
9 are based on certain portions of *The Jar of Fools*, and that certain short passages in the script for
10 *The MeshugaNutcracker!* contain identical language as certain short passages in *The Jar of*
11 *Fools*. Except as expressly admitted, Defendants deny the allegations of Paragraph 22 of the
12 Complaint.

13 23. Defendants admit that *The MeshugaNutcracker!* is a musical, which includes
14 songs, including lyrics. Except as expressly admitted, Defendants deny the allegations of
15 Paragraph 23 of the Complaint, and expressly deny that Stephen Guggenheim was involved in
16 the creation of the book or lyrics for *The MeshugaNutcracker!*.

17 24. Defendants admit that the language quoted in Paragraph 24 of the Complaint is
18 contained on the cited web page. Except as expressly admitted, Defendants deny the allegations
19 of Paragraph 24 of the Complaint.

20 25. Defendants admit that *The MeshugaNutcracker!* was performed publicly during
21 the 2003, 2004, 2005, and 2006 seasons. Defendants further admit that variations among live
22 performances are inevitable, that the identical audiences did not attend every single performance,
23 that not every character was played by the same actor at every single performance, that the
24 performances were held in various venues, and that certain portions of the script changed over
25 time. Defendants admit that the prices paid by audiences (including any box office fees) for the
26 performances of *The MeshugaNutcracker!* ranged from free (*i.e.*, \$0) to \$43 per ticket. Except
27 as expressly admitted, Defendants deny the allegations of Paragraph 25 of the Complaint.

28 26. Defendants admit that Exhibit C to the complaint identifies certain entities as

1 “corporate sponsors” and “community sponsors.” Defendants admit that Exhibit D to the
2 complaint states that certain “businesses contributed greatly to the success of the Chanukah
3 festival.” Defendants admit that certain of the entities identified in Exhibits C and D provided
4 donations in kind, discounted products or services, coupons, and the like during rehearsals and
5 performances of *The MeshugaNutcracker!* to Defendants Guggenheim Entertainment. Except as
6 expressly admitted, Defendants deny the allegations of Paragraph 26 of the Complaint.

7 27. Defendants admit that they recorded certain songs performed in *The*
8 *MeshugaNutcracker!* and reproduced certain recordings of those songs in compact disc form as
9 “The Original Cast Recording of *The MeshugaNutcracker!*” (the “CD”). Defendants admit that
10 Guggenheim Entertainment has sold approximately 50 copies of the CD, typically at a price of
11 \$18 to \$20, and admit that they have offered the CD for sale by mail for \$25, including shipping
12 and handling. Defendants admit that Guggenheim Entertainment has distributed approximately
13 150 copies of the CD without charge. Except as expressly admitted, Defendants deny the
14 allegations of Paragraph 27 of the Complaint.

15 28. Defendants admit that *The MeshugaNutcracker!* has received positive press
16 coverage. Except as expressly admitted, Defendants deny the allegations of Paragraph 28 of the
17 Complaint.

18 29. Defendants deny the allegations of Paragraph 29 of the Complaint.

19 30. Defendants admit that Guggenheim Entertainment, Scott Guggenheim, and/or
20 Shannon Guggenheim engaged in licensing discussions with Plaintiff. Except as expressly
21 admitted, Defendants deny the allegations of Paragraph 30 of the Complaint.

22 31. Defendants deny the allegations of Paragraph 31 of the Complaint.

23 32. Defendants admit that in July 2006, Scott and Shannon Guggenheim filed articles
24 of organization for Guggenheim Entertainment, LLC with the California Secretary of State.
25 Except as expressly admitted, Defendants deny the allegations of Paragraph 32 of the Complaint.

26 33. Defendants admit that Exhibit E is an electronic mail message from Scott
27 Guggenheim to Plaintiff, and that the final form of a long-term license agreement covering
28 prospective expanded production of *The MeshugaNutcracker!* “was never agreed upon.” Except

1 as expressly admitted, Defendants deny the allegations of Paragraph 33 of the Complaint.

2 34. Defendants deny the allegations of Paragraph 34 of the Complaint.

3
4 **CLAIM ONE**
5 **COPYRIGHT INFRINGEMENT**
6 **(By Kimmel Against All Defendants)**

7 35. Defendants repeat and incorporate by reference, as though fully set forth herein,
8 their responses to Paragraphs 1 through 34 of the Complaint.

9 36. Defendants lack sufficient knowledge or information to form a belief as to the
10 truth and extent of Plaintiff's alleged authorship of *The Jar of Fools* or any story contained
11 therein, but note that the "Author's Note" to *The Jar of Fools* expressly admits that the book
12 contains "retellings of traditional Yiddish tales" and "adaptations of stories from other
13 traditions," and aver that Paragraph 11 of the Complaint contains contradictory allegations that
14 Plaintiff is both "the author" of *The Jar of Fools* but that each story therein has a traditional
15 basis. Defendants admit that the publicly-available database of the United States Copyright
16 Office, accessible at the URL <<http://www.copyright.gov/records/cohm.html>> (last visited June
17 16, 2007), identify Plaintiff as the claimant of registration certificate number TX-5-302-608, but
18 lack sufficient knowledge or information to form a belief as to the truth of Plaintiff's claims of
19 ownership and validity of any copyright or registration thereof, and therefore, of whether that
20 copyright subsists. Except as expressly admitted, Defendants deny the allegations of Paragraph
21 36 of the Complaint.

22 37. Defendants admit that Scott and Shannon Guggenheim had access to *The Jar of*
23 *Fools* no later than 2003, and were aware of Plaintiff's claims of authorship, and the limitations
24 on those claims, identified therein, and in particular, in the "Author's Note." Except as expressly
25 admitted, Defendants deny the allegations of Paragraph 37 of the Complaint.

26 38. Defendants deny the allegations of Paragraph 38 of the Complaint, and expressly
27 deny that Stephen Guggenheim was involved in the creation of the book or lyrics for *The*
28 *MeshugaNutcracker!*.

39. Defendants deny the allegations of Paragraph 39 of the Complaint, and

1 specifically assert that Defendants' disputed conduct commenced more than three years prior to
2 filing of the Complaint.

3 40. Defendants deny the allegations of Paragraph 40 of the Complaint, and expressly
4 deny that Stephen Guggenheim was involved in the creation of the book or lyrics for *The*
5 *MeshugaNutcracker!*.

6 41. Defendants deny the allegations of Paragraph 41 of the Complaint.

7
8 **CLAIM TWO**
9 **MISAPPROPRIATION OF THE RIGHT OF PUBLICITY**
10 **(By Kimmel Against All Defendants)**

11 42. Defendants repeat and incorporate by reference, as though fully set forth herein,
12 their responses to Paragraphs 1 through 41 of the Complaint.

13 43. Defendants admit that, pursuant to the parties' agreements, certain materials
14 related to *The MeshugaNutcracker!* credit Plaintiff and other authors. Defendants lack sufficient
15 knowledge or information to form a belief as to the truth of whether Plaintiff is "a well-known
16 author." Except as expressly admitted, Defendants deny the allegations of Paragraph 43 of the
17 Complaint, and expressly deny that Stephen Guggenheim was involved in advertising or
18 promoting *The MeshugaNutcracker!*.

19 44. Defendants admit that, pursuant to the parties' agreements, certain materials
20 related to *The MeshugaNutcracker!* credit Plaintiff and other authors. Except as expressly
21 admitted, Defendants deny the allegations of Paragraph 44 of the Complaint, and expressly deny
22 that Stephen Guggenheim was involved in creation or publication of any relevant portion of any
23 press release or other marketing material or playbill for *The MeshugaNutcracker!*.

24 45. Defendants admit that, pursuant to the parties' agreements, certain materials
25 related to *The MeshugaNutcracker!* state that Plaintiff "collaborated" in the creation of *The*
26 *MeshugaNutcracker!*. Except as expressly admitted, Defendants deny the allegations of
27 Paragraph 45 of the Complaint, and expressly deny that Stephen Guggenheim was involved in
28 creation or publication of any relevant portion of any marketing material for *The*
MeshugaNutcracker!.

1 46. Defendants deny the allegations of Paragraph 46 of the Complaint.

2 47. Defendants deny the allegations of Paragraph 47 of the Complaint.

3
4 **CLAIM THREE**
FALSE ENDORSEMENT AND FALSE ASSOCIATION
5 **(By Kimmel Against All Defendants)**

6 48. Defendants repeat and incorporate by reference, as though fully set forth herein,
7 their responses to Paragraphs 1 through 47 of the Complaint.

8 49. Defendants lack sufficient knowledge or information to form a belief as to the
9 truth of Plaintiff's claimed "economic interest" and rights in *The Jar of Fools*. Defendants deny
10 the legal conclusion that "[e]ach of these interests is akin to the right of a trademark owner."
11 Defendants deny the other allegations of Paragraph 49 of the Complaint.

12 50. Defendants deny the allegations of Paragraph 50 of the Complaint, and expressly
13 deny that Stephen Guggenheim was involved in creation or publication of any relevant portion of
14 any marketing material for *The MeshugaNutcracker!*.

15 51. Defendants deny the allegations of Paragraph 51 of the Complaint, and expressly
16 deny that Stephen Guggenheim was involved in creation or publication of any relevant portion of
17 any marketing material for *The MeshugaNutcracker!*.

18 52. Defendants deny the allegations of Paragraph 52 of the Complaint, and expressly
19 deny that Stephen Guggenheim was involved in creation or publication of any allegedly false
20 assertion.

21 53. Defendants deny the allegations of Paragraph 53 of the Complaint.

22 54. Defendants deny the allegations of Paragraph 54 of the Complaint.

23
24 **CLAIM FOUR**
UNFAIR COMPETITION
25 **(By Kimmel Against All Defendants)**

26 55. Defendants repeat and incorporate by reference, as though fully set forth herein,
27 their responses to Paragraphs 1 through 54 of the Complaint.

28 56. Defendants deny the allegations of Paragraph 56 of the Complaint.

1 57. Defendants deny the allegations of Paragraph 57 of the Complaint.

2
3 **SEPARATE DEFENSES**

4 As separate and distinct defenses to the Complaint, and to each and every purported
5 claim thereof, Defendants allege:

6 ***First Separate Defense***

7 The Complaint, and each and every purported claim for relief thereof, fail to state a claim
8 for relief against Defendants, or any of them.

9 ***Second Separate Defense***

10 The Complaint, and each and every purported claim for relief thereof, are barred in whole
11 or in part because of the doctrines of acquiescence, laches, estoppel, waiver, and/or unclean
12 hands.

13 ***Third Separate Defense***

14 The Complaint, and each and every purported claim for relief thereof, are barred in whole
15 or in part because there is no direct and proximate causal connection between any claims of harm
16 or injury to Plaintiff and any acts alleged to have been committed by Defendants.

17 ***Fourth Separate Defense***

18 Plaintiff's equitable claims are barred in whole or in part because Plaintiff has not
19 suffered any irreparable injury.

20 ***Fifth Separate Defense***

21 Plaintiff's equitable claims are barred in whole or in part because Plaintiff has an
22 adequate remedy at law.

23 ***Sixth Separate Defense***

24 Plaintiff's equitable claims are barred in whole or in part because the hardship that would
25 be imposed on Defendants by the requested relief is greatly disproportionate to any hardship that
26 Plaintiff might suffer in its absence.

1 *Seventh Separate Defense*

2 Plaintiff's equitable claims are barred in whole or in part because the public interest
3 would be disserved by an injunction.

4 *Eighth Separate Defense*

5 Defendants are informed and believe, and on that basis allege, that the Complaint, and
6 each and every purported claim for relief contained therein, are barred by the applicable statutes
7 of limitation, including but not limited to 17 U.S.C. § 207(c).

8 *Ninth Separate Defense*

9 Defendants are informed and believe, and on that basis allege, that Plaintiff's claims are
10 barred in whole or in part because any acts or omissions of which Plaintiff complains were
11 licensed by or otherwise performed with the authority, permission and consent of Plaintiff.

12 *Tenth Separate Defense*

13 Defendants are informed and believe, and on that basis allege, that Plaintiff's claims, and
14 in particular the purported claim for copyright infringement, are barred in whole or in part
15 because the copyright that Plaintiff asserts in this action is invalid and/or unenforceable.

16 *Eleventh Separate Defense*

17 Plaintiff's claims are barred in whole or in part because Defendants' alleged conduct
18 constitutes fair use.

19 *Twelfth Separate Defense*

20 Plaintiff's claims are barred in whole or in part because even if Defendants might be
21 found to have infringed any valid copyright, which Defendants deny, any such infringement was
22 de minimus.

23 *Thirteenth Separate Defense*

24 Plaintiff's state law claims are preempted in whole or in part, including under 17 U.S.C.
25 § 301.

26 **COUNTERCLAIMS**

27
28 58. Defendants repeat and incorporate by reference, as though fully set forth herein,

1 Paragraphs 1 through 57 above.

2
3 **PARTIES**

4 59. Defendants are informed and believe, and based thereon allege, that Plaintiff is an
5 individual residing at 2525 Northeast 35th Avenue, Portland, Oregon.

6 60. Defendant and Countercomplainant Guggenheim Entertainment, LLC is a limited
7 liability company, organized under the laws of the State of California, having a principal place of
8 business at 1165 Bucknam Court in Campbell, California.

9 61. Defendant and Countercomplainant Scott Guggenheim is an individual who
10 resides in Santa Clara County, California and is an owner and member of Defendant
11 Guggenheim Entertainment, LLC.

12 62. Defendant and Countercomplainant Shannon Guggenheim is an individual who
13 resides in Santa Clara County, California and is an owner and member of Defendant
14 Guggenheim Entertainment, LLC.

15 63. Defendant and Countercomplainant Stephen Guggenheim is an individual who
16 resides in Santa Clara County, California.

17 **JURISDICTION**

18
19 64. Defendants assert their Counterclaims pursuant to Rule 13 of the Federal Rules of
20 Civil Procedure and under the Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202. This
21 Court has subject matter jurisdiction over all Counterclaims herein pursuant to 28 U.S.C.
22 § 1367(a) and the principles of supplemental jurisdiction, and has subject matter jurisdiction over
23 the First Counterclaim under 28 U.S.C. §§ 1331 and 1338(a).

24 **STATEMENT OF FACTS**

25
26 65. In 2002, the Albert L. Schultz Jewish Community Center (the "ALSJCC"), in Palo
27 Alto, contacted Scott and Shannon Guggenheim. The ALSJCC was interested in exploring the
28 creation of a theatre company that would serve the ALSJCC and other Jewish Community

1 Centers in the Bay Area, and were specifically interested in the creation of a theatre presentation
2 that would address the “December dilemma” – namely, presenting and maintaining Jewish
3 identity in the face of media and cultural saturation during the weeks leading up to Christmas.
4 That afternoon, Shannon Guggenheim came up with the title *The MeshugaNutcracker!*, and Scott
5 Guggenheim created the framework for the musical: pairing musical selections from
6 Tchaikovsky’s “Nutcracker Suite” with a script and lyrics that celebrated Chanukah, designed
7 for a family audience.

8 66. With the ALSJCC serving as the lead agency, the other San Francisco, Santa
9 Clara and Marin County non-profit Jewish Community Centers were invited to form a
10 consortium to create the National Jewish Theatre Festival (the “NJTF”). *The*
11 *MeshugaNutcracker!* would be the first creation of the NJTF, traveling among the Jewish
12 Community Centers.

13 67. The Jewish Community Centers’ initial attempts to find funding for the creation
14 and marketing of the NJTF and *The MeshugaNutcracker!* appeared to bear fruit. However,
15 shortly after the Koret Foundation, a Bay Area Jewish Nonprofit, committed to fund the
16 development of the musical, the ALSJCC lost its facility and more than a dozen staff members.
17 The sudden instability of the lead organization in the NJTF, and the fact that no other Jewish
18 Community Center was prepared to assume the lead position, caused the Koret Foundation to
19 withdraw its promised support, and the proposed consortium dissolved. Despite this setback,
20 Scott and Shannon Guggenheim believed that there was genuine demand for a Jewish cultural
21 experience during December, and continued to develop the program as the NJTF.

22 68. As originally conceived, *The MeshugaNutcracker!* was to tell the complete story
23 of Chanukah. The broad outline of the Chanukah story is well known in Jewish tradition. About
24 2200 years ago, the kingdom of Syria extended over what is now Israel. A new king took the
25 throne, and over time, effectively outlawed Judaism, culminating in an order that an altar to Zeus
26 be erected in the Jewish Temple in Jerusalem. After years of bloody battles, the Jews, led by
27 Judah Maccabee, retook and cleansed the Temple. Although there was only enough ceremonial
28 oil to light the menorah in the Temple for a single day, it lasted for eight days – enough time to

1 prepare more oil. The eight-day festival of Chanukah followed, commemorating the retaking of
2 the temple and the miracle of the oil.

3 69. In researching the Chanukah story, Scott and Shannon Guggenheim learned that
4 while the broad outline of the Chanukah story was perfectly palatable, the details of the story –
5 which, after all, celebrates a hard-fought and bloody military victory – were hardly suitable for
6 the family audiences to which the play was to be presented. But an alternative presented itself in
7 the Jewish Folklore of Chelm. In Eastern European Jewish tradition, the wise and foolish souls
8 were to be distributed equally throughout the world, but through a mishap, all the foolish souls
9 were deposited in Chelm. Among their other eccentricities, the Chelmniks were said to wear
10 pots and pans as armor in case of war – an affectation that Scott and Shannon Guggenheim
11 believed would aid them in presenting at least a hint of the war themes surrounding Chanukah
12 with an element of humor. The outlines of the plot for *The MeshugaNutcracker!* became firmer:
13 eight stories celebrating Chanukah told by characters from Chelm. The beginning and ending
14 scenes would deal with the Maccabian war, while the content between would celebrate
15 Chanukah celebrations and traditions around the globe and over time.

16 70. In or about August 2003, Scott and Shannon Guggenheim contacted six authors
17 who had created Chanukah and/or Chelm-themed work that might work well with the themes of
18 the production. The original intention was to have far more than eight stories scripted, and to
19 present a different set of stories each year. Each of the six authors responded with interest.

20 71. Plaintiff was one of the authors whom Scott and Shannon Guggenheim contacted
21 in or about August 2003. Because they could not locate Plaintiff's email address, they initially
22 contacted him by phone.

23 72. On or about August 26, 2003, Plaintiff responded by email to Scott and Shannon
24 Guggenheim's telephone call, indicating his "delight" that they were considering basing one of
25 the scenes of *The MeshugaNutcracker!* on one of those contained in *The Jar of Fools*. Plaintiff
26 directed Scott and Shannon Guggenheim to his publisher and agent, asked them to "let me know
27 what develops," and promised to "help in any way I can." On the same day, Scott and Shannon
28 Guggenheim responded by email, requesting further information, including what royalties, if

1 any, might be requested. The same email noted the similarities among various Chelm stories,
2 and the difficulty in determining whether and from whom permissions to use those stories might
3 be necessary.

4 73. On or about September 3, 2003, Scott and Shannon Guggenheim spoke by
5 telephone with Plaintiff's agent, Christopher Schelling ("Schelling"). By a follow-up email, they
6 requested permission "to workshop the production this winter without any fees," in exchange for
7 which fees would be "renegotiat[ed] if we determine that there is a future production." As a
8 good faith effort to provide some additional benefit to Plaintiff, they offered to make *The Jar of*
9 *Fools* available for sale at the performances and to promote the book otherwise. They also
10 repeated their concerns regarding whether and from whom permissions might be necessary
11 where Plaintiff and other authors had published similar stories.

12 74. After further communications between and among the parties and Schelling, on or
13 about September 9, 2003, Schelling, acting as Plaintiff's agent, granted option rights for the
14 entire *Jar of Fools* – not merely the single story about which Scott and Shannon Guggenheim
15 had inquired initially – and waived any royalties for the initial workshop productions of *The*
16 *MeshugaNutcracker!*, conditioned on further "negotiat[ion] [of] an option fee should another
17 production be planned." Schelling asked Scott Guggenheim whether he "ha[d] an agreement
18 [he] used for the other writers," who responded that no written form agreements existed; the
19 other authors had simply requested copies of the playbill. Although Scott and Shannon
20 Guggenheim did "not have a boiler plate agreement" for Plaintiff to sign, they asked Schelling
21 whether he "ha[d] anything specific that you would like stated" and requested some "idea of
22 what type of option fee you think will be needed." On information and belief, Schelling did not
23 respond to that message.

24 75. Had Plaintiff declined to grant rights, *The MeshugaNutcracker!* would have been
25 based on Chelm stories by authors who had granted rights, or would have been created as
26 original works. In reliance on Plaintiff's agreement, via Schelling, to permit a royalty-free
27 workshop development and performance of *The MeshugaNutcracker!*, Scott and Shannon
28 Guggenheim invested hundreds of hours in creating the script and lyrics for the workshop run of

1 *The MeshugaNutcracker!*. Plaintiff had, via Schelling, granted rights in the entire *Jar of Fools*,
2 rather than the single story identified in their initial request. In reliance on that grant, Scott and
3 Shannon Guggenheim based additional scenes on stories contained in *The Jar of Fools*, rather
4 than the single story they had originally contemplated.

5 76. On or about September 9, 2003, Scott and Shannon Guggenheim sent Schelling a
6 draft writing intended to formally memorialize the parties' agreement, including terms providing
7 for royalty-free performance of the pilot production and Plaintiff's credit. When Schelling failed
8 to respond, Scott and Shannon Guggenheim again sent Schelling the proposed draft on or about
9 October 21, 2003. After Schelling still failed to respond, Scott and Shannon Guggenheim
10 contacted Plaintiff directly, and on or about October 30, 2003, he responded by deferring to
11 Schelling. On or about November 4, 2003, Schelling sent an email apologizing for failing to
12 respond and promising to do so by November 7, 2003. Schelling never responded.

13 77. Between December 20, 2003 and December 28, 2003, ten workshop
14 performances of the then-current version of *The MeshugaNutcracker!* were presented at the
15 Cubberly Theatre in Palo Alto. Accounting only for "hard" costs – *i.e.*, excluding any value for
16 any efforts by Scott or Shannon Guggenheim, or for any bartered value – the expenses incurred
17 in presenting the December 2003 workshop performances exceeded revenues by over \$20,000.

18 78. On or about August 27, 2004, Scott and Shannon Guggenheim again contacted
19 Plaintiff's agent, Schelling, by electronic mail copied to Plaintiff. That electronic mail message
20 sought to ensure that permissions were in place for the planned performances, planned for
21 "December 7-25 in the San Francisco Bay Area," and also offered copies of the script and other
22 materials. Although Schelling was out of the country, Plaintiff responded on or about August 30,
23 2004 with an offer of "any further help" and representing that he had asked Schelling "to get
24 right on it." Scott and Shannon Guggenheim responded by again offering a copy of *The*
25 *MeshugaNutcracker!* script, which was in the process of revision. When Plaintiff accepted the
26 offer, a copy was sent.

27 79. On or about October 14, 2004, Schelling sent an email to Scott and Shannon
28 Guggenheim representing that he had responded to their emails "a few weeks" prior, but

1 understood that they had not received it. He requested “a copy of the agreement you’ve used for
2 the other contributors, I’ll look it over and get Eric to sign it.” On the same day, Scott and
3 Shannon Guggenheim responded that the only draft agreement in hand was the one that they had
4 forwarded to Schelling the previous year. They also advised Schelling of their intention to
5 “mov[e] forward with a limited run this winter,” and their “hope to eventually make the
6 production available to others to producer [*sic*].” Schelling responded by requesting another
7 copy of the prior year’s draft agreement, which Scott provided by electronic mail on or about
8 October 15, 2004.

9 80. On October 18, 2004, Schelling, acting as Plaintiff’s agent, sent a revised
10 proposed agreement offering to “grant one-time non-exclusive theatrical adaptation rights in this
11 selection in the English language for the premier run of the Musical and a promotional CD only,”
12 on a royalty-free basis, with a specific requirement that Plaintiff receive named credit in a
13 specified form. The October 18, 2004 letter specifically invited Scott and Shannon Guggenheim
14 to “Please sign this letter to indicate your acceptance of the terms as listed herein.”

15 81. No later than November 12, 2004, Scott Guggenheim signed the letter as
16 requested, thereby accepting Plaintiff’s offer, and returned the October 18, 2004 proposed
17 agreement to Schelling.

18 82. Based on what they believed at the time, and believe now, to be an enforceable
19 license, Scott and Shannon Guggenheim proceeded to revise the script of and perform *The*
20 *MeshugaNutcracker!*, create and distribute limited numbers of a promotional CD, all the while
21 crediting Plaintiff as required by his agent, Schelling. They continued to invest hundreds of
22 hours in developing, rehearsing, and performing the play, all without any compensation. In
23 addition, they agreed to produce a Christmas show at Bonfante Gardens (now Gilroy Gardens), a
24 theme park in Gilroy – a production for which they typically would have charged approximately
25 \$20,000 – in exchange for free rental of the Showtime Theatre at Paramount’s Great America in
26 Santa Clara for rehearsal and performances of *The MeshugaNutcracker!*. The arrangement with
27 Paramount’s Great America, like all other “sponsorship” arrangements over the life of *The*
28 *MeshugaNutcracker!*, thus consisted solely of in-kind exchange, rather than any monetary

1 assistance.

2 83. Between December 7, 2004 and December 26, 2004, 13 performances of the then-
3 current version of *The MeshugaNutcracker!* were presented at the Showtime Theatre at
4 Paramount's Great America in Santa Clara. Accounting only for "hard" costs – *i.e.*, excluding
5 any value for any efforts by Scott or Shannon Guggenheim, or for any bartered value, such as the
6 free rental for the Showtime Theatre – the expenses incurred in presenting the 2004 season of
7 *The MeshugaNutcracker!* exceeded revenues by nearly \$30,000.

8 84. In June 2005, attorney Harold Milstein of the law firm Heller Ehrman
9 ("Milstein"), on behalf of Scott and Shannon Guggenheim, contacted Schelling, seeking to
10 formalize arrangements for the 2005 season of *The MeshugaNutcracker!* and beyond. On or
11 about June 27, 2005, Schelling requested a proposed royalty, to which Milstein responded by
12 providing a draft Copyright License Agreement, which proposed a paid up royalty of \$500.00.
13 On or about July 7, 2005, Milstein left a voicemail for Schelling, in which he again proposed a
14 paid-up royalty of \$500.00.

15 85. On or about July 28, 2005, when Schelling had not responded, Scott Guggenheim
16 sent an electronic mail message to Plaintiff, copied to, *inter alia*, Milstein and Schelling. The
17 email noted that Milstein had been unsuccessful in obtaining a response from Schelling, and
18 requested Plaintiff's assistance. Plaintiff responded later that day, stating that although he
19 wanted "to help you out," he was upset at "finding myself in the middle." Despite the fact that
20 Milstein already had expressly proposed a \$500.00 paid-up license fee at least two times,
21 Plaintiff represented that Schelling had told him that Scott and Shannon Guggenheim had not yet
22 made "a specific money proposal." Plaintiff urged Scott and Shannon Guggenheim to follow up
23 vigorously with Schelling: "Call him. Nudge him. Scream at him. He's an agent; he can take it."

24 86. On or about August 4, 2005, Milstein and Schelling talked by telephone as
25 representatives of Scott and Shannon Guggenheim and Plaintiff, respectively. In this telephone
26 call, Schelling agreed, on behalf of Plaintiff, to accept \$500 as a paid-up royalty for the license to
27 *The Jar of Fools*.

28 87. On or about August 10, 2005, Milstein sent a proposed draft to Schelling intended

1 to formalize the parties' agreement. Schelling responded that he had agreed to production of "a
2 very limited number of CDs they [Scott and Shannon Guggenheim] wanted to do themselves,
3 along with the ability to produce the show with other companies," but that he could not have
4 Plaintiff grant all media rights for an indefinite term for \$500.00. Accordingly, Schelling
5 proposed that the agreement cover a defined term, at the end of which the parties could negotiate
6 further rights.

7 88. On or about September 7, 2005, Milstein sent a revised draft agreement to
8 Schelling by electronic mail, proposing a five-year term. On or about September 28, 2005, when
9 Schelling had not yet responded, Milstein sent a follow-up email requesting his comments on the
10 proposed revised agreement. When Schelling still did not respond, on or about October 12,
11 2005, Scott Guggenheim again emailed Plaintiff, requesting his assistance in expediting
12 formalizing the agreement, and offering to promote Plaintiff's works during the 2005 season of
13 performances.

14 89. On or about October 13, 2005, Schelling responded by proposing that the agreed
15 \$500 fee cover a two-year limited license, rather than five. The scope of that license included at
16 least all performances staged by Defendants over the following two years – *i.e.*, at least through
17 the 2006 season of *The MeshugaNutcracker!*.

18 90. Between December 1, 2005 and January 1, 2006, 22 performances of the then-
19 current version of *The MeshugaNutcracker!* were presented in Berkeley, Sacramento, San
20 Francisco, and Los Angeles. Accounting only for "hard" costs – *i.e.*, excluding any value for
21 any efforts by Scott or Shannon Guggenheim, or for any bartered value – the expenses incurred
22 in presenting the 2005 season of *The MeshugaNutcracker!* exceeded revenues by more than
23 \$17,000.

24 91. On or about October 13, 2006, Milstein again sent a proposed revised draft
25 agreement to Schelling. The October 13, 2006 draft proposed converting the earlier \$500.00
26 paid-up license into a flat, up-front fee, accompanied by "a 5% royalty on licensing fees received
27 for third party productions of live performances," as well as "a royalty of 10¢ per copy of video
28 or soundtrack recordings beyond the first 1000 copies." On or about October 17, 2006, Schelling

1 responded that he would review the agreement with Plaintiff and respond, but expressed
2 reservations about “the expansive nature of the agreement.” That same day, Milstein responded
3 that although the revised “proposal does cover more than live productions of the work,” it
4 “included specific compensation provisions to share any upside these additional activities might
5 yield.” Milstein concluded by requesting Schelling’s comments.

6 92. On or about October 31, 2006, because Schelling had not yet responded, Milstein
7 sent another electronic mail message, asking whether Schelling had “had a chance to discuss” the
8 draft with Plaintiff. Schelling again failed to respond.

9 93. On or about November 28, Defendants are informed and believe, and based
10 thereon allege, that Milstein again called Schelling to inquire as to the status of the proposed
11 agreement. Schelling responded by electronic mail, stating that the matter “has been turned over
12 to Eric Kimmel’s lawyer.”

13 94. Between December 11, 2006 and December 31, 2006, 12 performances of the
14 then-current version of *The MeshugaNutcracker!* were presented in Sacramento, Los Angeles,
15 Seattle, San Jose, Phoenix, and San Francisco. Accounting only for “hard” costs – *i.e.*, excluding
16 any value for any efforts by Scott or Shannon Guggenheim, or for any bartered value – the
17 expenses incurred in presenting the 2006 season of *The MeshugaNutcracker!* exceeded revenues
18 by more than \$25,000.

19 95. On or about December 18, 2006, Milstein and Daniel Ballard (“Ballard”) spoke
20 by telephone in an effort to reach an overall agreement regarding prospective expanded
21 production and other exploitation of *The MeshugaNutcracker!*. Ballard also expressed concern
22 that on or about December 15, 2006, the NJTF website apparently failed to credit Plaintiff. By
23 follow-up email, Ballard requested documentation for the number of performances of *The*
24 *MeshugaNutcracker!* and the receipts for those performances. In further electronic mail
25 communications, Milstein and Ballard discussed further potential terms, and Milstein agreed to
26 provide information regarding past performances after the close of the 2006 season of *The*
27 *MeshugaNutcracker!*.

28 96. During the first part of 2007, Scott and Shannon Guggenheim supplied

1 information requested by Ballard, including documentation that Plaintiff had been credited
 2 during the entire run of *The MeshugaNutcracker!*, and detailed expense, profit and loss reports
 3 for all 57 performances over four seasons. Despite Scott and Shannon Guggenheim's continued
 4 attempts to reach and formalize agreements providing for expanded production and further
 5 exploitation of *The MeshugaNutcracker!*, and to share those benefits with Plaintiff, negotiations
 6 broke down, and Plaintiff filed the instant lawsuit. In June 2006, the NJTF website was changed
 7 to formally reflect that the 2007 season of *The MeshugaNutcracker!* had been cancelled due to
 8 this lawsuit.

9 97. All told, during the four seasons in which *The MeshugaNutcracker!* was
 10 produced, without accounting for the income they have foregone by bartering their professional
 11 services in exchange for performance and rehearsal space and other needs of *The*
 12 *MeshugaNutcracker!*, or for the thousands of uncompensated hours they have invested in the
 13 play, Scott and Shannon Guggenheim have absorbed "hard" losses totaling more than \$90,000 –
 14 more than their entire taxable income over the same period, and an average of more than \$1500
 15 for each performance. Absent Plaintiff's actual or apparent permission to do so, Scott and
 16 Shannon Guggenheim would not have based any portion of *The MeshugaNutcracker!* on any
 17 portion of *The Jar of Fools*. Having relied on Plaintiff's promises to their detriment, they are left
 18 with the 2007 season canceled and the future of the play in limbo, despite years of effort and
 19 investment.

20
 21 **FIRST COUNTERCLAIM FOR DECLARATORY JUDGMENT**
OF COPYRIGHT NONINFRINGEMENT AND UNENFORCEABILITY
 22 **(by All Defendants against Kimmel)**

23 98. Defendants repeat and incorporate by reference, as though fully set forth herein,
 24 Paragraphs 1 through 97 above.

25 99. There is an actual justiciable controversy between Plaintiff and Defendants
 26 concerning the validity of Plaintiff's purported copyright in *The Jar of Fools* and Plaintiff's
 27 allegation that Defendants have infringed that copyright.

28 100. Plaintiff claims to be the present owner of a "valid and subsisting" copyright in

1 *The Jar of Fools*. Plaintiff has alleged that Defendants are liable for infringing that purported
2 copyright, as set forth in the Complaint.

3 101. Defendants have not infringed, are not infringing, and are in no way liable for
4 infringement of, Plaintiff's purported copyright in *The Jar of Fools*, as set forth specifically in its
5 denials, factual contentions, and Separate Defenses above, all of which are incorporated here by
6 reference. Absent a declaration of non-infringement of Plaintiff's purported copyright in *The Jar*
7 *of Fools*, Plaintiff will continue to assert that Defendants have infringed that purported copyright
8 and will in this way cause damage to Defendants.

9 102. Defendants are informed and believe, and on that basis allege, that Plaintiff's
10 purported copyright in *The Jar of Fools* is invalid or void under one or more sections of Title 17
11 of the United States Code, as set forth specifically in its denials, factual contentions, and
12 Separate Defenses above, all of which are incorporated here by reference. Absent a declaration
13 that Plaintiff's purported copyright is invalid or void, Plaintiff will continue to assert that
14 Defendants have infringed that copyright and will in this way cause damage to Defendants.

15 103. By this Counterclaim, Defendants seek a declaratory judgment that they have not
16 infringed and are not infringing and are not otherwise liable for any alleged indirect infringement
17 of Plaintiff's purported copyright in *The Jar of Fools*, and further that such purported copyright
18 is invalid or void.

19
20 **SECOND COUNTERCLAIM FOR DECLARATORY JUDGMENT**
21 **OF NO MISAPPROPRIATION OF THE RIGHT OF PUBLICITY**
(by All Defendants against Kimmel)

22 104. Defendants repeat and incorporate by reference, as though fully set forth herein,
23 Paragraphs 1 through 103 above.

24 105. There is an actual justiciable controversy between Plaintiff and Defendants
25 concerning whether Defendants used Plaintiff's name and identity to advertise or promote *The*
26 *MeshugaNutcracker!* and promotional CDs therefore, and if so, whether Plaintiff permitted or
27 consented to such use.

28 106. Defendants have not used Plaintiff's name and identity to advertise or promote

1 *The MeshugaNutcracker!* and promotional CDs therefor, but if they did, Plaintiff permitted or
2 consented to such use, as set forth specifically in its denials, factual contentions, and Separate
3 Defenses above, all of which are incorporated here by reference.

4 107. Absent a declaration of non-infringement of Plaintiff's purported copyright in *The*
5 *Jar of Fools*, Plaintiff will continue to assert that Defendants have misappropriated Plaintiff's
6 right of publicity and will in this way cause damage to Defendants.

7 108. By this Counterclaim, Defendants seek a declaratory judgment that they have not
8 misappropriated Plaintiff's right of publicity.

9
10 **THIRD COUNTERCLAIM FOR DECLARATORY JUDGMENT**
11 **OF NO FALSE ENDORSEMENT AND FALSE ASSOCIATION**
(by All Defendants against Kimmel)

12 109. Defendants repeat and incorporate by reference, as though fully set forth herein,
13 Paragraphs 1 through 108 above.

14 110. There is an actual justiciable controversy between Plaintiff and Defendants
15 concerning whether Defendants' assertions that Plaintiff collaborated in the creation of *The*
16 *MeshugaNutcracker!* by, *inter alia*, granting permission to adapt portions of *The Jar of Fools* in
17 creating *The MeshugaNutcracker!* and to perform the play, are false.

18 111. Defendants claims regarding the fact and extent of Plaintiff's permission and role
19 in creating *The MeshugaNutcracker!* are true, as set forth specifically in its denials, factual
20 contentions, and Separate Defenses above, all of which are incorporated here by reference.

21 112. Absent a declaration that Defendants have not falsely claimed endorsement by or
22 association with Plaintiff, Plaintiff will continue to assert that Defendants have falsely claimed
23 endorsement by or association with Plaintiff and will in this way cause damage to Defendants.

24 113. By this Counterclaim, Defendants seek a declaratory judgment that they have not
25 falsely claimed endorsement by or association with Plaintiff.

**FOURTH COUNTERCLAIM FOR DECLARATORY JUDGMENT
OF NO UNFAIR COMPETITION
(by All Defendants against Kimmel)**

114. Defendants repeat and incorporate by reference, as though fully set forth herein, Paragraphs 1 through 113 above.

115. There is an actual justiciable controversy between Plaintiff and Defendants concerning whether Defendants' engaged in common law unfair competition with Plaintiff.

116. Defendants have not unlawfully obtained the benefit of Plaintiff's goodwill and reputation and commercial opportunities, as set forth specifically in its denials, factual contentions, and Separate Defenses above, all of which are incorporated here by reference.

117. Absent a declaration that Defendants have not unlawfully obtained the benefit of Plaintiff's goodwill and reputation and commercial opportunities, Plaintiff will continue to assert that Defendants have unlawfully obtained the benefit of Plaintiff's goodwill and reputation and commercial opportunities and will in this way cause damage to Defendants.

118. By this Counterclaim, Defendants seek a declaratory judgment that they have not unlawfully obtained the benefit of Plaintiff's goodwill and reputation and commercial opportunities.

**FIFTH COUNTERCLAIM FOR DECLARATORY JUDGMENT THAT
A BINDING AND ENFORCEABLE CONTRACT EXISTS BETWEEN THE PARTIES
(by Guggenheim Entertainment, LLC, Scott Guggenheim,
and Shannon Guggenheim against Kimmel)**

119. Defendants repeat and incorporate by reference, as though fully set forth herein, Paragraphs 1 through 118 above.

120. In or about August 2003, Plaintiff and Scott and Shannon Guggenheim entered preliminary negotiations regarding the possible adaptation of portions of *The Jar of Fools* into portions of *The MeshugaNutcracker!*.

121. On or about September 9, 2003, Plaintiff's agent, Christopher Schelling, agreed by electronic mail to waive any royalties for the initial productions of *The MeshugaNutcracker!*, conditioned on further negotiation "should another production be planned." Because, as all

1 parties were necessarily aware, the initial production could not be accomplished without first
2 creating a script and lyrics, this electronic mail message inherently licensed Defendants to create
3 the script and lyrics as well.

4 122. On October 18, 2004, Plaintiff's agent Schelling proposed a formal written letter
5 agreement, which "grant[ed] one-time non-exclusive theatrical adaptation rights in this selection
6 in the English language for the premier run of the Musical and a promotional CD only," on a
7 royalty-free basis, and included a specific requirement that Plaintiff receive named credit. Scott
8 Guggenheim accepted and returned this proposed agreement no later than November 12, 2004.
9 In addition, the parties executed this proposed agreement by performance thereunder.

10 123. The written contract of the parties is contained in these documents and the parties'
11 other correspondence, sent and received in the ordinary course of business using electronic mail
12 and other means, as set forth specifically in Defendants' denials, factual contentions, and
13 Separate Defenses above, all of which are incorporated here by reference.

14 124. Defendants have performed all conditions, covenants, and promises required on
15 their part to be performed in accordance with the terms and conditions of the contract. Although
16 the parties never successfully formalized a further license to cover prospective expanded
17 production of *The MeshugaNutcracker!*, at all times, Defendants negotiated in good faith to
18 reach such an agreement.

19 125. There is an actual justiciable controversy between Plaintiff and Defendants
20 concerning whether a valid and enforceable contract between the parties exists. In particular, the
21 Complaint alleges, *inter alia*: (a) that Defendants never had any relevant license,
22 notwithstanding the parties contract; (b) that all Defendants' productions of *The*
23 *MeshugaNutcracker!* constituted copyright infringement, notwithstanding that Plaintiff and/or
24 his agent expressly granted permission for such productions; (c) that the creation and distribution
25 of the promotional CD for *The MeshugaNutcracker!* constituted copyright infringement,
26 notwithstanding Plaintiff's agent's express grant in October 2004 of permission to create and
27 distribute that CD; and (d) that crediting Plaintiff violated Plaintiff's right of publicity, and
28 constituted false endorsement, false association, and unfair competition, notwithstanding, *inter*

1 *alia*, the parties' contract, including Plaintiff's agent's express requirement in October 2004 that
 2 Plaintiff be so credited, as well as Plaintiff's December 2006 demand, via his attorney Ballard,
 3 when, by error, all credits (including Plaintiff's) were temporarily removed from the NJTF
 4 website, that Plaintiff's credit be restored.

5 126. Absent a declaration that the parties entered one or more contracts licensing the
 6 adaptation of portions of *The Jar of Fools* for incorporation in the script and lyrics of *The*
 7 *MeshugaNutcracker!*, for subsequent performance of those works, for creation and distribution
 8 of the promotional CD, and requiring that Plaintiff be credited, Plaintiff will continue to assert
 9 that Defendants have no license and will in this way cause damage to Defendants.

10 127. By this Counterclaim, Defendants seek a declaratory judgment that the parties
 11 have entered one or more enforceable contracts licensing the adaptation of portions of *The Jar of*
 12 *Fools* for incorporation in *The MeshugaNutcracker!*, for subsequent performance of those works,
 13 for creation and distribution of the promotional CD, and requiring that Plaintiff be credited.

14
 15 **SIXTH COUNTERCLAIM FOR PROMISSORY ESTOPPEL**
 16 **(by Guggenheim Entertainment, LLC, Scott Guggenheim,**
and Shannon Guggenheim against Kimmel)

17 128. Defendants repeat and incorporate by reference, as though fully set forth herein,
 18 Paragraphs 1 through 127 above.

19 129. On or about September 9, 2003, Plaintiff's agent, Christopher Schelling, promised
 20 by electronic mail to waive any royalties for the initial productions of *The MeshugaNutcracker!*,
 21 conditioned on further negotiation "should another production be planned." Because, as all
 22 parties were necessarily aware, the initial production could not be accomplished without first
 23 creating a script and lyrics, this electronic mail message inherently promised that Defendants
 24 could create the script and lyrics as well. In so doing, Defendants are informed and believe that
 25 Plaintiff and/or his agent knew or should have known that Defendants would be reasonably
 26 induced to rely on this promise by creating the script and lyrics for and performing *The*
 27 *MeshugaNutcracker!*.

28 130. On October 18, 2004, Plaintiff's agent Schelling promised to "grant[] one-time

1 non-exclusive theatrical adaptation rights in this selection in the English language for the premier
2 run of the Musical and a promotional CD only,” on a royalty-free basis, and specifically required
3 that Plaintiff receive named credit. In so doing, Defendants are informed and believe that
4 Plaintiff and/or his agent knew or should have known that Defendants would be reasonably
5 induced to rely on this promise by performing *The MeshugaNutcracker!*, creating and
6 distributing a promotional CD, and crediting Plaintiff as required.

7 131. In 2005, Plaintiff’s agent Schelling, knowing that preparation for the 2005 season
8 of *The MeshugaNutcracker!* was in process, promised that Guggenheim Entertainment would
9 receive a formal license that would cover at least all performances staged by Defendants through
10 the inception of this suit. In so doing, Defendants are informed and believe that Plaintiff and/or
11 his agent knew or should have known that Defendants would be reasonably induced to rely on
12 this promise by preparing and performing the 2005 and 2006 seasons of *The*
13 *MeshugaNutcracker!*, continuing limited distribution of the promotional CD, and crediting
14 Plaintiff as had been formally required in 2004.

15 132. Plaintiff’s promises are contained in these documents and the parties’ other
16 correspondence, sent and received in the ordinary course of business using electronic mail and
17 other means, as set forth specifically in Defendants’ denials, factual contentions, and Separate
18 Defenses above, all of which are incorporated here by reference.

19 133. Defendants reasonably relied on Plaintiff’s promises and were induced to create
20 the script and lyrics to *The MeshugaNutcracker!*, perform the musical publicly, promote those
21 performances, and create and distribute a promotional CD.

22 134. Plaintiff has not performed according to his promises, and has filed this suit in
23 blatant disregard of those promises.

24 135. As a proximate result of Plaintiff’s failure to perform according to his and/or his
25 agent’s promises, Defendants Guggenheim Entertainment and Scott and Shannon Guggenheim
26 have invested substantial time and money to develop the script for, present performances of,
27 record and distribute cast recordings of, and promote *The MeshugaNutcracker!*.

28 136. Injustice can be avoided only by enforcing Plaintiff’s and/or his agent’s promises

1 completely.

2 137. There is an actual justiciable controversy between Plaintiff and Defendants
 3 concerning whether the doctrine of promissory estoppel applies. In particular, the Complaint
 4 alleges, *inter alia*: (a) that Defendants never had any relevant license, notwithstanding Plaintiff's
 5 promises thereof; (b) that all Defendants' productions of *The MeshugaNutcracker!* constituted
 6 copyright infringement, notwithstanding that Plaintiff and/or his agent expressly granted or
 7 promised to grant permission for such productions; (c) that the creation and distribution of the
 8 promotional CD for *The MeshugaNutcracker!* constituted copyright infringement,
 9 notwithstanding Plaintiff's agent's express grant or promise to grant in October 2004 of
 10 permission to create and distribute that CD; and (d) that crediting Plaintiff violated Plaintiff's
 11 right of publicity, and constituted false endorsement, false association, and unfair competition,
 12 notwithstanding, *inter alia*, Plaintiff's promises and demands, including Plaintiff's agent's
 13 express requirement in October 2004 that Plaintiff be so credited, and Plaintiff's December 2006
 14 demand, via his attorney Ballard, when, by error, all credits (including Plaintiff's) were
 15 temporarily removed from the NJTF website, that Plaintiff's credit be restored.

16 138. By this Counterclaim, Defendants seek a declaratory judgment that, under the
 17 doctrine of promissory estoppel, Plaintiff has granted a license or its equitable equivalent for the
 18 adaptation of portions of *The Jar of Fools* for incorporation in *The MeshugaNutcracker!*, for
 19 subsequent performance of those works, and for creation and distribution of the promotional CD,
 20 and has permitted or required that Plaintiff be so credited.

21 **SEVENTH COUNTERCLAIM FOR DECLARATORY JUDGMENT OF ESTOPPEL**
 22 **(by All Defendants against Kimmel)**

23 139. Defendants repeat and incorporate by reference, as though fully set forth herein,
 24 Paragraphs 1 through 138 above.

25 140. At all relevant times, Plaintiff knew the relevant facts concerning Defendants'
 26 allegedly infringing conduct of which he now complains. Yet, from 2003 – when Defendants
 27 Guggenheim Entertainment and Scott and Shannon Guggenheim began to develop the present
 28

1 script for *The MeshugaNutcracker!* – until the Complaint was filed, Plaintiff never requested that
2 Defendants cease the alleged infringements on which the Complaint is based, and Defendants
3 reasonably believed that Plaintiff consented to, licensed, approved, or otherwise permitted such
4 conduct pending formalization of a license that would cover prospective expanded production of
5 *The MeshugaNutcracker!*.

6 141. Defendants are informed and believed, and based thereon allege, that Plaintiff
7 never requested that Defendants cease the conduct on which the Complaint is based because
8 Plaintiff intended that Defendants continue to act as described. Alternatively, and even if
9 Plaintiff did not intend that Defendants cease the conduct on which the Complaint is based,
10 Defendants reasonably believed that Plaintiff did not intend that Defendants cease the conduct on
11 which the Complaint is based.

12 142. Defendants were ignorant of Plaintiff's alleged denial or withdrawal of consent,
13 license, approval, or other permission.

14 143. Defendants acted in reliance on Plaintiff's apparent consent, license, approval, or
15 other permission of their conduct that Plaintiff now alleges as the basis for the Complaint.
16 Defendants reliance was to their injury and prejudice, including but not limited to Defendants
17 Guggenheim Entertainment and Scott and Shannon Guggenheim's investments of substantial
18 time and money to develop the script for, present performances of, record and distribute cast
19 recordings of, and promote *The MeshugaNutcracker!*.

20 144. Absent a declaration that Plaintiff is estopped from preventing Defendants from
21 presenting performances of, distributing cast recordings of, and promoting *The*
22 *MeshugaNutcracker!*, Plaintiff will continue to cause damage to Defendants.

23 **EIGHTH COUNTERCLAIM FOR DECLARATORY JUDGMENT OF LACHES**
24 **(by All Defendants against Kimmel)**

25 145. Defendants repeat and incorporate by reference, as though fully set forth herein,
26 Paragraphs 1 through 144 above.

27 146. At all relevant times, Plaintiff knew the relevant facts concerning Defendants'
28

1 allegedly infringing conduct of which he now complains. Yet, from 2003 – when Defendants
 2 Guggenheim Entertainment and Scott and Shannon Guggenheim began to develop the present
 3 script for *The MeshugaNutcracker!* – until the Complaint was filed, Plaintiff delayed in filed suit.

4 147. Plaintiff’s delay in filing suit was unreasonable or inexcusable, because
 5 Defendants acted in reliance on Plaintiff’s apparent consent, license, approval, or other
 6 permission of their conduct that Plaintiff now alleges as the basis for the Complaint. Defendants
 7 reliance was to their injury and prejudice, including but not limited to Defendants Guggenheim
 8 Entertainment and Scott and Shannon Guggenheim’s investments of substantial time and money
 9 to develop the script for, present performances of, record and distribute cast recordings of, and
 10 promote *The MeshugaNutcracker!*.

11 148. Absent a declaration that laches precludes Plaintiff from preventing Defendants
 12 from presenting performances of, distributing cast recordings of, and promoting *The*
 13 *MeshugaNutcracker!*, Plaintiff will continue to cause damage to Defendants.

14 PRAYER FOR RELIEF

15 WHEREFORE, Defendants prays for judgment against Plaintiff as follows:

- 16 1. For declaratory judgment that Defendants have not infringed any valid copyright
 17 by Plaintiff;
- 18 2. For declaratory judgment that Defendants have not misappropriated Plaintiff’s
 19 right of publicity;
- 20 3. For declaratory judgment that Defendants have not falsely claimed endorsement
 21 or association with Plaintiff;
- 22 4. For declaratory judgment that Defendants have not engaged in unfair competition
 23 with Plaintiff;
- 24 5. For declaratory judgment that one or more binding and enforceable contracts, or
 25 their equitable equivalent, exist between the parties, and for specific performance thereof;
- 26 6. For declaratory judgment that the doctrines of estoppel and laches preclude any
 27 recovery by Plaintiff;
- 28

7. For actual damages caused by Plaintiff;
8. For their reasonable attorney's fees according to proof;
9. For costs of suit;
10. For prejudgment interest on all amounts awarded; and
11. For such other and further relief as the court may deem just and proper.

DEMAND FOR JURY TRIAL

Defendants hereby demand a trial by jury on all claims set forth above.

Dated: July 13, 2007

MAYER, BROWN, ROWE & MAW LLP

By: /s/
Joshua M. Masur

Attorneys for Defendants and Counter-
Complainants GUGGENHEIM
ENTERTAINMENT, LLC, SCOTT
GUGGENHEIM, STEPHEN
GUGGENHEIM, and SHANNON
GUGGENHEIM